MULTIMEDIA UNIVERSITY

STUDENT ID NO

MULTIMEDIA UNIVERSITY

FINAL EXAMINATION

TRIMESTER 1, 2017/2018

BED2084 – DEVELOPMENT ECONOMICS

(All sections / Groups)

23 OCTOBER 2017
9 a.m. – 11 a.m.
(2 Hours)

INSTRUCTIONS TO STUDENTS

1. This Question paper consists of **2** pages with **4** Structured Questions only.

3. Attempt **ALL** questions. The distribution of the marks for each question is given.

4. Please print all your answers in the Answer Booklet provided.

QUESTION 1 (25 MARKS)

A) i) Explain how the Harrod-Domar growth model, while extremely limited, provides important insights into the growth process. (8 marks)

ii) Assume a closed economy, perfectly elastic labour supply, and linear technology. Suppose the incremental capital-output ratio (ICOR) is 3, the depreciation rate is 3%, and the gross savings rate is 10%. Use the Harrod-Domar growth equation to determine the rate of growth. What would the gross savings rate have to be to achieve 5% growth? (7 marks)

B) What makes the Lewis model a "development" model rather than a "growth" model? What insights on development can be derived from the model? (10 marks)

QUESTION 2 (25 MARKS)

A) What are the differences in the demographic transition between the current developed economies and developing countries? (10 marks)

B) What is the Multidimensional Poverty Index and how is it a more improved measure of poverty? (7 marks)

C) The unemployment rate in the United States and Japan is lower than in European countries. What could explain this difference? What should the European governments do if they wanted to achieve lower rates of unemployment? (8 marks)

QUESTION 3 (25 MARKS)

A) Discuss the sustainable economic development in Malaysia. (10 marks)

B) Discuss how size of government can negatively affect economic growth. (8 marks)

C) Discuss the causes for the failure of centralised planning in developing countries. (7 marks)

Continued...

QUESTION 4 (25 MARKS)

A) Explain "export promotion policies" and "import substitution policies" with examples of countries that successfully or unsuccessfully pursued these policies (10 marks)

B) Discuss the three (3) ways the developed nations should best contribute to the alleviation of global and domestic environmental problems of developing countries? (15 marks)

End of Page